

LOST, DESTROYED, AND VOID CHECKS, DRAFTS,  
AND MONEY ORDERS (COLLECTIONS)

I GENERAL: This Instruction prescribes the procedure for obtaining duplicates or recovering the value of commercial checks, bank drafts, bank money orders, or postal money orders to which the Farmers Home Administration (FHA) has title or in which it has a property interest, which are lost, destroyed, or rendered void through mutilation, incorrect endorsement, or age. Employees concerned in the receipt, handling, and deposit of collections are responsible for safeguarding collections. When checks, drafts, or money orders are lost or rendered nonnegotiable, such employees are responsible for obtaining replacements promptly in order that proper credit may be given to borrowers' accounts. This Instruction meets the requirements of the "Government Losses in Shipment Act" authorizing agreements of indemnity when required to obtain a duplicate or replacement from the issuing bank or drawer.

II CHECKS, DRAFTS, AND BANK MONEY ORDERS: When a cashier's check, bank draft, bank money order, personal check, or other commercial check to which FHA has title or in which it has a property interest becomes lost, destroyed, or so mutilated as to impair its value, after receipt by an FHA employee, the following action will be taken:

A If an instrument is lost or destroyed, the collection official immediately upon discovery of the loss or destruction will request, in writing, the issuing bank, drawer, or maker to stop payment on the original instrument and to issue a duplicate or replacement at once.

B If a duplicate remittance is obtained immediately and the Finance Office copy of Form RD 451-2, "Schedule of Remittances," is not lost, it will not be necessary to issue a duplicate remittance schedule. The duplicate remittance will be sent immediately to the Finance Office in the regular manner. If the Finance Office copy of the related Form RD 451-2 is lost, a new Form RD 451-2 will be issued immediately and noted "Duplicate Remittance." The Finance Office copy of the duplicate remittance will be submitted without delay to the Finance Office.

C When a duplicate remittance is not available immediately, the receipts will be transmitted in the same manner as described above except that the reasons for the nonavailability of a duplicate remittance will

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be stated in an accompanying memorandum. As soon as one does become available, it will be forwarded to the Finance Office, under separate cover, with a copy of that memorandum. If the reason for the nonavailability of the duplicate instrument is that the bank or drawer requires an agreement of indemnity, the following documents will be sent to the Finance Office with the original memorandum:

- 1 A complete report in an original and two certified copies containing:
  - a A detailed description of the lost or mutilated items including:
    - (1) Type of remittance (cashier's check, bank draft, bank money order)
    - (2) Serial number
    - (3) Date of issuance
    - (4) Name and address of bank (if bank draft, also give name and location of bank on which draft was drawn)
    - (5) Payee
    - (6) Amount
    - (7) Purchaser's name (explanation required if purchaser is other than FHA collection official)
    - (8) Purpose for which issued
  - b Information concerning its loss and necessity for replacement.
  - c A specific request for the issuance of an agreement of indemnity.
  - d Complete address of the bank to receive the agreement of indemnity.
  - e Complete address of the office to which the replacement check is to be delivered.

2 Three certified copies of the request to the issuing bank or drawer to stop payment and to issue a replacement. This letter will fully describe the remittance.

3 The original and two certified copies of the letter from the bank or drawer indicating (a) whether the stop-payment order is in force, and (b) that an agreement of indemnity will be required before a replacement is issued. This letter will fully describe the remittance.

D The Finance Office will forward the original and one certified copy of the report (see paragraph II C 1), two certified copies of the request to the issuing bank or drawer (see paragraph II C 2), and the original and the one certified copy of the letter from the bank (see paragraph II C 3), to the Finance Liaison Staff, Washington, D.C. for preparation of a request to the Treasurer of the United States for the execution and delivery of an agreement of indemnity. When the agreement of indemnity is issued, the Treasurer will send the agreement directly to the bank issuing the replacement check. A copy of the agreement, together with a copy of Treasury's transmittal letter, will be sent to the office to which the replacement check is to be delivered.

III POSTAL MONEY ORDERS: When a postal money order to which the FHA has title or in which it has a property interest becomes lost, destroyed, or rendered void by mutilation or too many endorsements, after having been received by an FHA employee, the following action will be taken:

A The collection official will at the earliest date possible after discovery of loss or knowledge of voidance apply for a duplicate money order. An application for a duplicate money order which either has been lost or destroyed should not be made until 60 days after date of issuance of the original money order. However, an application for a duplicate money order which has been rendered void by mutilation or too many endorsements may be made immediately because the original money order is available for exchange.

B When a duplicate postal money order is not available immediately, as in the case of a lost or destroyed money order, the receipts will be transmitted in the same manner as described above, except that an accompanying memorandum will contain a statement as to the reasons for the nonavailability of a duplicate money order. As soon as one does become available, it will be forwarded to the Finance Office under separate cover with a copy of that memorandum.

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Sheet 2